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BEFORE THE
U.S. DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

DEPT. OF TRANSPORTATION
DOCKETS

02 JUN 28 PM 4:19

Application of

ATLAS AIR, INC.

For an exemption from 49 U.S.C. §41101 and
frequency allocation (U.S.-Ecuador)

In the Matter of U.S.-Ecuador All-Cargo
Frequencies

Docket OST-02-12503
June 28, 2002

**APPLICATION OF ATLAS AIR, INC.
FOR AN EXEMPTION AND FREQUENCY ALLOCATION**

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June 28, 2002

BEFORE THE
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WASHINGTON, D.C.

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Frequencies)	June 28, 2002
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**APPLICATION OF ATLAS AIR, INC.
FOR AN EXEMPTION AND FREQUENCY ALLOCATION**

Pursuant to 49 U.S.C. §40109(c) and the Department's Notice, dated June 14, 2002, Atlas Air, Inc. ("Atlas") requests an exemption to provide foreign scheduled air transportation of property and mail between a point or points in the United States and a point or points in Ecuador, plus the right to combine services authorized by such exemption with all services authorized by other Atlas exemption and certificate authorities. In addition, Atlas requests allocation of six (6) of the 15 additional weekly all-cargo frequencies that have become available as a result of the recent intergovernmental agreement between the United States and Ecuador.

In support of these requests, Atlas states as follows:

1. Until recently, under the U.S.-Ecuador air transport agreement, U.S. airlines were permitted to operate a total of 15 weekly scheduled all-cargo narrowbody flights, or

their widebody equivalent, between the United States and Ecuador. Those frequencies have been assigned to UPS, Fine/Arrow and Gemini. During negotiations in late May, the United States and Ecuador agreed to double the number of weekly frequencies to 30 and to remove the frequency penalty for the use of wide-bodied aircraft. As the result, UPS, Fine/Arrow and Gemini have obtained the right to expand existing capacity substantially by increasing frequency and/or using larger aircraft. Additionally, carriers like Atlas that have been prevented from serving Ecuador on a scheduled basis have gained significant new all-cargo opportunities.

2. Atlas has had a longstanding interest in Ecuador, unsuccessfully pursuing a request for scheduled authority in the 2000 *U.S.-Ecuador All-Cargo Frequency Allocation* case and subsequently initiating an extensive charter program. Since November 2001, Atlas has been operating Ecuador charter flights consistently at a level of three per week. Because of marketing impediments and uncertainty created by the need to obtain Ecuadorian flight approval on a case-by-case basis, operating charters is far from the optimal way of serving the U.S.-Ecuador market. Atlas is eager to inaugurate U.S.-Ecuador scheduled service now that our government and Ecuador have expanded all-cargo opportunities. Therefore, Atlas is responding to the Department's June 14 Notice by requesting exemption authority and an allocation of six all-cargo frequencies.

3. The Atlas service proposal is presented in Exhibit 1, attached hereto. As detailed therein, Atlas plans to operate six flights per week with B-747 freighter aircraft

over a Miami-Quito-Guayaquil-Miami routing. No seasonal variation is anticipated. As the market responds to Atlas' new service, Atlas hopes to be able to expand its service offering.

4. As Exhibit 2 illustrates, this new Ecuador service will mesh well with other services that Atlas offers or is developing around the world. Under the corporate business strategy now being implemented, Atlas and strategic partners in Europe, the Middle East and Asia are constructing a global air freight network through hubs in the United States and abroad. Miami is a critical hub in the plan. By linking its new Ecuador flights with other flights to and from Miami, Atlas will be able to offer seamless all-cargo service between Ecuador and points in both Europe and Asia. Consequently, shippers and consignees in the United States, Ecuador and third countries will benefit greatly.

5. Atlas has developed vast experience operating to and from countries in South America, including Ecuador, and is comfortable predicting that its Ecuador scheduled service will be a success. In the latter half of the 1990's, Atlas began to develop the U.S.-Brazil cargo charter market, and by calendar year 2000 it was operating, on average, more than one flight per day. In 2001, Atlas was awarded U.S.-Brazil scheduled all-cargo authority and now offers more capacity than any other airline in the largest market in South America. Atlas provides scheduled service in the U.S.-Colombia market and regularly serves other South American countries, including Argentina, Chile, Peru and Venezuela. Additionally, as indicated, Atlas has gained invaluable experience in Ecuador, operating

U.S.-Ecuador charter flights at a three-day-per-week level. Atlas currently has pending before the Ecuadorian DAC an application for a license to engage in non-regular services (Ecuador's term for non-scheduled flights operating more frequently than *ad hoc* charters). As in Brazil, the conferral of scheduled all-cargo rights on Atlas is the logical next step to facilitate greater market development.

6. From a statistical perspective, Ecuador is ripe for the service expansion that Atlas is proposing. As Exhibit 3 demonstrates, U.S.-Ecuador air trade has bucked the downward trend felt in certain larger U.S.-South America markets. In the southbound direction, for instance, U.S.-Ecuador air trade in calendar year 2001 was 33% above 2000 on a weight basis and 59% higher when measured by value. Northbound, the respective growth figures were 6% and 7%. As Exhibit 4 reveals, the primary products shipped by air in the southbound direction are industrial and electrical machinery. In the northbound direction, the primary products are cut flowers and fish.

7. Statistics from the Department's T-100 databank reinforce the conclusion that the direction of the U.S.-Ecuador air cargo market is positive. From 1998 through 2000, reported air freight weight decreased, both northbound and southbound. The figures reversed direction in 2001, with northbound freight increasing roughly 18%, southbound freight increasing 33% and total freight increasing 21% over 2000.

8. The service that Atlas plans to offer will add significant new capacity to the U.S.-Ecuador market, enhancing the ease of air freight movement. Moreover, it will

provide the market with a valuable new product – essentially daily widebody service. Currently, as Exhibit 5 shows, the only scheduled widebody service in the U.S.-Ecuador market is the twice-weekly MD-11 service provided by Gemini. Atlas' six weekly scheduled B747 flights will more than triple that capacity. Overall, Atlas will increase U.S.-Ecuador scheduled all-cargo capacity by roughly 80% - 90%. Exhibit 6.

9. Atlas already has the aircraft needed for its proposed service on hand in its fleet. Because of the sluggish nature of the worldwide economy, Atlas has sufficient aircraft time available to devote to its new Ecuador service. Moreover, to the extent the scheduled service will replace existing Ecuador charter services, Atlas will be able to use the same aircraft now used on a charter basis. All Atlas aircraft comply with FAR-36.

10. In the absence of Ecuadorian licensing uncertainties, Atlas would be prepared to inaugurate scheduled service quite soon after the final award of authority in this proceeding. However, we have been advised by counsel in Quito that the Ecuadorian licensing process is likely to take at least 90 - 120 days. Therefore, if the Department imposes its standard 90-day start-up condition, which we will accept, we may ultimately need to request a modest start-up extension once the licensing process gets under way.¹ Rather than imposing its standard start-up condition, the Department may wish to consider calculating the start-up period from the day the Ecuadorian license is secured.

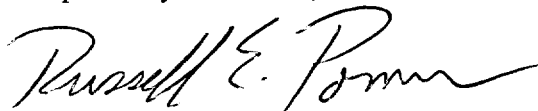
¹ It took Gemini roughly a year from the time it received DOT authority to secure a license from Ecuador and commence scheduled service. We are optimistic that we can complete the process in far less time.

ATLAS AIR, INC.
Application for Exemption and Frequency Allocation

11. Because the service proposed herein will greatly benefit the shipping public and is authorized by the recent U.S.-Ecuador agreement, grant of this application is consistent with the public interest. Atlas is fit, willing and able to perform properly the foreign air transportation for which authority is sought. *See* Order 2001-12-15 (making a recent fitness determination about Atlas).

WHEREFORE, Atlas Air, Inc. requests an exemption to provide foreign scheduled air transportation of property and mail between a point or points in the United States and a point or points in Ecuador, plus the right to combine services authorized by such exemption with all services authorized by other Atlas exemption and certificate authorities, and an allocation of six (6) U.S.-Ecuador all-cargo frequencies. Atlas further requests that the Department grant it such other relief as the Department finds to be consistent with this application and the public interest.

Respectfully submitted,

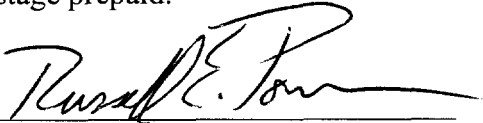


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of Regulatory Affairs
ATLAS AIR, INC.
901 15th Street, N.W., Suite 400
Washington, D.C. 20005

June 28, 2002

CERTIFICATE OF SERVICE

I hereby certify that I have, this 28th day of June 2002, caused a copy of the foregoing application and accompanying exhibits to be served on all persons listed on the attached service list by first class mail, postage prepaid.

A handwritten signature in dark ink, appearing to read "Russell E. Pommer", written over a horizontal line.

Russell E. Pommer

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EXHIBITS

ATLAS AIR' S PROPOSED U.S.-ECUADOR SCHEDULE

(Operates TUE, WED, THU, FRI, SAT, SUN)

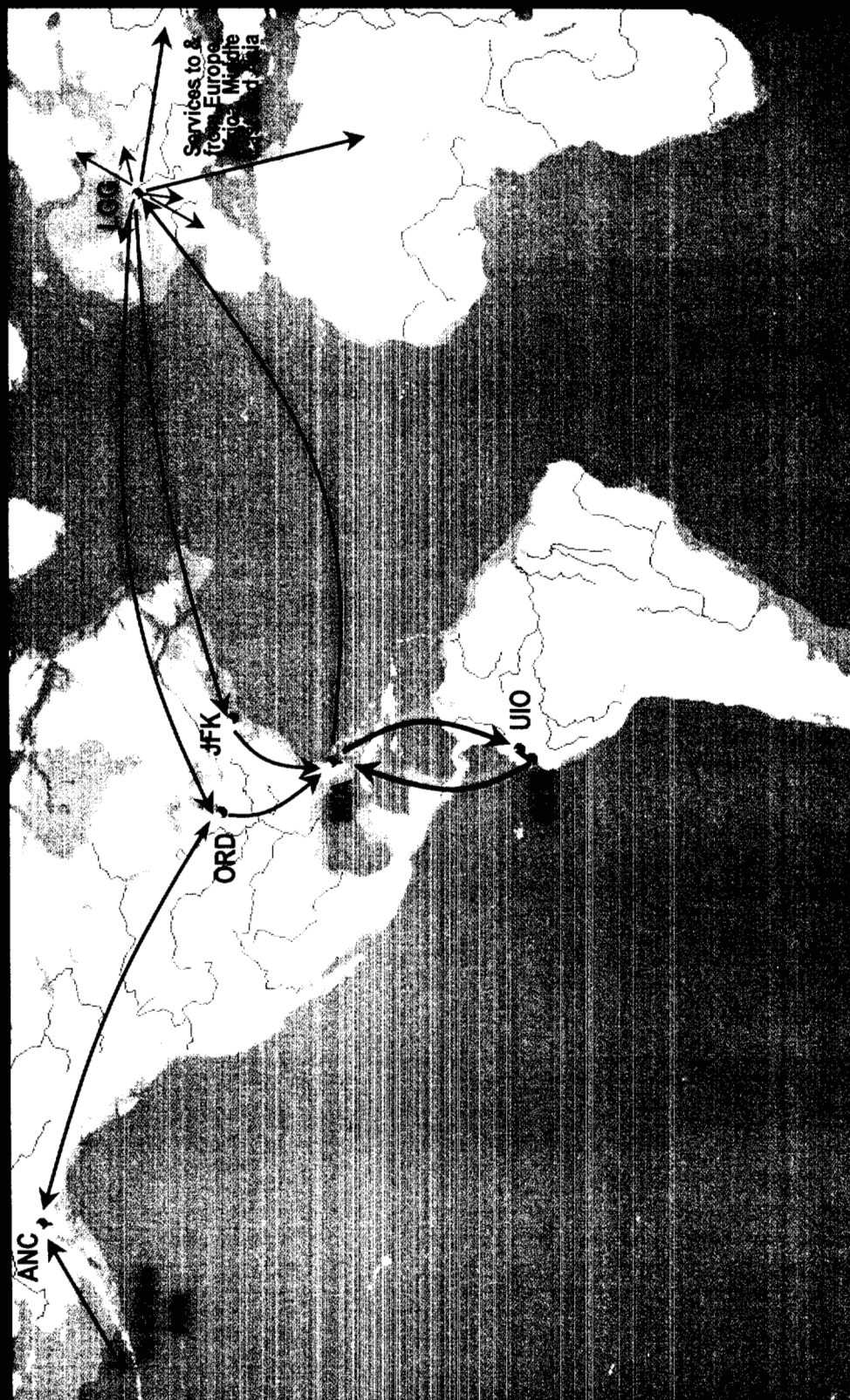
Lv. MIA	10:00
Ar. UIO	14:00
Lv. UIO	17:00
Ar. GYE	18:10
Lv. GYE	20:10
Ar. MIA	00:30 next day

All times are GMT.

Aircraft will be 747-200 freighters, with a design payload capacity of 246,000 lbs.

ATLAS AIR WILL LINK ITS ECUADOR SERVICE TO AN EXTENSIVE GLOBAL NETWORK

AIR



**U.S. - ECUADOR IS A PROMISING PART OF
U.S. - SOUTH AMERICA AIR TRADE**

CY 1999 - CY 2001

Year	South America	Argentina	Brazil	Chile	Colombia	Ecuador	Peru	Venezuela	All Other
Southbound									
<u>Air Weight Kgs.</u>									
1999	249,703,568	36,644,711	84,638,872	20,483,257	50,975,630	5,854,679	10,031,777	27,518,453	13,556,189
2000	252,203,335	32,330,319	90,672,561	21,458,606	49,531,071	6,842,970	10,811,232	28,168,889	12,387,687
2001	221,508,936	22,032,881	80,453,348	17,239,110	45,789,472	9,102,206	9,419,764	28,120,178	9,351,977
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	1.0%	-11.8%	7.1%	4.8%	-2.8%	16.9%	7.8%	2.4%	-8.6%
'01 vs. '00	-12.2%	-31.9%	-11.3%	-19.7%	-7.6%	33.0%	-12.9%	-0.2%	-24.5%
<u>Air Value</u>									
1999	\$14,011,984,132	\$2,019,834,114	\$6,754,418,215	\$1,116,273,287	\$1,349,667,188	\$190,199,667	\$527,598,549	\$1,222,000,765	\$831,992,347
2000	\$15,429,869,193	\$2,024,586,186	\$8,118,520,374	\$1,285,243,955	\$1,390,923,338	\$222,224,858	\$583,232,927	\$1,168,444,063	\$636,693,492
2001	\$14,129,512,833	\$1,540,049,018	\$7,277,596,772	\$1,107,642,231	\$1,461,580,173	\$352,790,950	\$509,505,140	\$1,222,397,174	\$657,951,375
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	10.1%	0.2%	20.2%	15.1%	3.1%	16.8%	10.5%	-4.4%	-23.5%
'01 vs. '00	-8.4%	-23.9%	-10.4%	-13.8%	5.1%	58.8%	-12.6%	4.6%	3.3%
<u>Value per Kg.</u>									
1999	\$56	\$55	\$80	\$54	\$26	\$32	\$53	\$44	\$61
2000	\$61	\$63	\$90	\$60	\$28	\$32	\$54	\$41	\$51
2001	\$64	\$70	\$90	\$64	\$32	\$39	\$54	\$43	\$70
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	9.0%	13.6%	12.2%	9.9%	6.1%	0.0%	2.6%	-6.6%	-16.3%
'01 vs. '00	4.3%	11.6%	1.0%	7.3%	13.7%	19.4%	0.3%	4.8%	36.9%

Source: US Foreign Trade Databank; Misertrade

**U.S. - ECUADOR IS A PROMISING PART OF
U.S. - SOUTH AMERICA AIR TRADE**

CY 1999 - CY 2001

Year	South America	Argentina	Brazil	Chile	Colombia	Ecuador	Peru	Venezuela	All Other
Northbound									
<u>Air Weight Kgs.</u>									
1999	377,507,536	26,193,948	66,312,593	78,346,704	119,489,212	41,217,306	31,524,960	6,555,027	7,867,786
2000	414,134,508	23,692,160	77,018,159	91,891,581	121,581,575	40,525,336	43,026,118	7,218,732	9,180,847
2001	404,905,366	18,093,324	74,453,971	108,387,622	104,221,419	42,932,766	44,941,568	4,178,041	7,696,655
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	9.7%	-9.6%	16.1%	17.3%	1.8%	-1.7%	36.5%	10.1%	16.7%
'01 vs. '00	-2.2%	-23.6%	-3.3%	18.0%	-14.3%	5.9%	4.5%	-42.1%	-16.2%
<u>Air Value</u>									
1999	\$5,042,488,423	\$497,595,996	\$1,759,025,114	\$521,166,676	\$1,136,093,097	\$175,941,962	\$638,388,552	\$91,920,893	\$222,356,133
2000	\$5,897,912,717	\$559,145,855	\$2,620,032,392	\$610,286,673	\$1,123,824,615	\$183,744,044	\$474,652,600	\$116,481,031	\$209,745,507
2001	\$5,618,806,424	\$525,856,045	\$2,783,589,516	\$560,838,401	\$879,679,886	\$196,914,917	\$391,270,447	\$108,501,844	\$172,155,368
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	17.0%	12.4%	48.9%	17.1%	-1.1%	4.4%	-25.6%	26.7%	-5.7%
'01 vs. '00	-4.7%	-6.0%	6.2%	-8.1%	-21.7%	7.2%	-17.6%	-6.9%	-17.9%
<u>Value per Kg.</u>									
1999	\$13	\$19	\$27	\$7	\$10	\$4	\$20	\$14	\$28
2000	\$14	\$24	\$34	\$7	\$9	\$5	\$11	\$16	\$23
2001	\$14	\$29	\$37	\$5	\$8	\$5	\$9	\$26	\$22
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	6.6%	24.2%	28.2%	-0.2%	-2.8%	6.2%	-45.5%	15.1%	-19.2%
'01 vs. '00	-2.6%	23.1%	9.9%	-22.1%	-8.7%	1.2%	-21.1%	60.9%	-2.1%

Source: US Foreign Trade Databank; Misertrade

**U.S. - ECUADOR IS A PROMISING PART OF
U.S. - SOUTH AMERICA AIR TRADE**

CY 1999 - CY 2001

Year	South America	Argentina	Brazil	Chile	Colombia	Ecuador	Peru	Venezuela	All Other
Total Both Directions									
<u>Air Weight Kgs.</u>									
1999	627,211,104	62,838,659	150,951,465	98,829,961	170,464,842	47,071,985	41,556,737	34,073,480	21,423,975
2000	666,337,843	56,022,479	167,690,720	113,350,187	171,112,646	47,368,306	53,837,350	35,387,621	21,568,534
2001	626,414,302	40,126,205	154,907,319	125,626,732	150,010,891	52,034,972	54,361,332	32,298,219	17,048,632
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	6.2%	-10.8%	11.1%	14.7%	0.4%	0.6%	29.6%	3.9%	0.7%
'01 vs. '00	-6.0%	-28.4%	-7.6%	10.8%	-12.3%	9.9%	1.0%	-8.7%	-21.0%
<u>Air Value</u>									
1999	\$19,054,472,555	\$2,517,430,110	\$8,513,443,329	\$1,637,439,963	\$2,485,760,285	\$366,141,629	\$1,165,987,101	\$1,313,921,658	\$1,054,348,480
2000	\$21,327,781,910	\$2,583,732,041	\$10,738,552,766	\$1,895,530,628	\$2,514,747,953	\$405,968,902	\$1,057,885,527	\$1,284,925,094	\$846,438,999
2001	\$19,748,319,257	\$2,065,905,063	\$10,061,186,288	\$1,668,480,632	\$2,341,260,059	\$549,705,867	\$900,775,587	\$1,330,899,018	\$830,106,743
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	11.9%	2.6%	26.1%	15.8%	1.2%	10.9%	-9.3%	-2.2%	-19.7%
'01 vs. '00	-7.4%	-20.0%	-6.3%	-12.0%	-6.9%	35.4%	-14.9%	3.6%	-1.9%
<u>Value per Kg.</u>									
1999	\$30	\$40	\$56	\$17	\$15	\$8	\$28	\$39	\$49
2000	\$32	\$46	\$64	\$17	\$15	\$9	\$20	\$36	\$39
2001	\$32	\$51	\$65	\$13	\$16	\$11	\$17	\$41	\$49
<u>Percent Change vs. Prior Year</u>									
'00 vs. '99	5.4%	15.1%	13.5%	0.9%	0.8%	10.2%	-30.0%	-5.8%	-20.3%
'01 vs. '00	-1.5%	11.6%	1.4%	-20.6%	6.2%	23.3%	-15.7%	13.5%	24.1%

Source: US Foreign Trade Databank; Misertrade

U.S. - ECUADOR AIR TRADE BY COMMODITY TYPE
CY 1999 - CY 2001

Commodity	Air Weight Kgs.			% of 00 Total	% Change '01 vs.'00
	1999	2000	2001		
Southbound					
INDUSTRIAL MACHINERY, INCLUDING COMPUTERS	2,140,265	3,037,625	4,141,705	45.5%	36.3%
ELECTRIC MACHINERY ETC; SOUND EQUIP; TV EQUIP; PTS	458,247	656,486	1,084,241	11.9%	65.2%
OPTIC, PHOTO ETC, MEDIC OR SURGICAL INSTRMENTS ETC	391,966	258,298	426,030	4.7%	64.9%
PAPER & PAPERBOARD & ARTICLES (INC PAPER PULP ARTL)	156,625	188,492	294,669	3.2%	56.3%
DAIRY PRODS; BIRDS EGGS; HONEY; ED ANIMAL PR NESOI	245,189	27,467	213,008	2.3%	675.5%
PLASTICS AND ARTICLES THEREOF	153,355	149,868	211,924	2.3%	41.4%
MISCELLANEOUS EDIBLE PREPARATIONS	94,209	145,548	182,551	2.0%	25.4%
PHARMACEUTICAL PRODUCTS	110,468	132,775	160,292	1.8%	20.7%
VEHICLES, EXCEPT RAILWAY OR TRAMWAY, AND PARTS ET	81,299	130,661	151,403	1.7%	15.9%
SUGARS AND SUGAR CONFECTIONARY	48,700	50,883	151,251	1.7%	197.3%
OIL SEEDS ETC.; MISC GRAIN, SEED, FRUIT, PLANT ETC	181,596	254,862	132,445	1.5%	-48.0%
SPECIAL CLASSIFICATION PROVISIONS, NESOI	159,110	147,456	124,376	1.4%	-15.7%
ARTICLES OF IRON OR STEEL	58,647	32,579	106,760	1.2%	227.7%
PRINTED BOOKS, NEWSPAPERS ETC; MANUSCRIPTS ETC	61,134	101,695	106,338	1.2%	4.6%
MISCELLANEOUS CHEMICAL PRODUCTS	69,502	115,865	99,712	1.1%	-13.9%
AIRCRAFT, SPACECRAFT, AND PARTS THEREOF	84,381	128,166	95,618	1.1%	-25.4%
ORGANIC CHEMICALS	73,264	56,275	84,257	0.9%	49.7%
TANNING & DYE EXT ETC; DYE, PAINT, PUTTY ETC; INKS	62,675	93,148	81,669	0.9%	-12.3%
RUBBER AND ARTICLES THEREOF	31,342	44,997	71,419	0.8%	58.7%
INORG CHEM; PREC & RARE-EARTH MET & RADIOACT COM	9,205	12,874	66,960	0.7%	420.1%
LIVE ANIMALS	78,145	62,430	65,497	0.7%	4.9%
RAILWAY OR TRAMWAY STOCK ETC; TRAFFIC SIGNAL EQUI	25,795	32,183	58,248	0.6%	81.0%
CERAMIC PRODUCTS	8,511	28,577	55,500	0.6%	94.2%
MISCELLANEOUS MANUFACTURED ARTICLES	21,423	47,173	46,560	0.5%	-1.3%
TOOLS, CUTLERY ETC. OF BASE METAL & PARTS THEREOF	72,677	36,091	46,306	0.5%	28.3%
Subtotal Top 25	4,877,730	5,972,474	8,258,739	90.7%	38.3%
All Other	976,949	870,496	843,467	9.3%	-3.1%
Total Exports	5,854,679	6,842,970	9,102,206	100.0%	33.0%
Northbound					
LIVE TREES, PLANTS, BULBS ETC.; CUT FLOWERS ETC.	28,078,362	26,005,013	28,187,254	65.7%	8.4%
FISH, CRUSTACEANS & AQUATIC INVERTEBRATES	11,662,189	13,039,073	12,995,530	30.3%	-0.3%
APPAREL ARTICLES AND ACCESSORIES, KNIT OR CROCHET	436,376	450,653	616,916	1.4%	36.9%
EDIBLE FRUIT & NUTS; CITRUS FRUIT OR MELON PEEL	8,898	36,432	163,141	0.4%	347.8%
EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	92,063	44,303	161,291	0.4%	264.1%
EDIBLE PREPARATIONS OF MEAT, FISH, CRUSTACEANS ETC	143,800	170,811	156,082	0.4%	-8.6%
SPECIAL CLASSIFICATION PROVISIONS, NESOI	111,041	121,579	123,925	0.3%	1.9%
TANNING & DYE EXT ETC; DYE, PAINT, PUTTY ETC; INKS	29,237	44,348	82,757	0.2%	86.6%
APPAREL ARTICLES AND ACCESSORIES, NOT KNIT ETC.	87,090	126,433	76,805	0.2%	-39.3%
MISCELLANEOUS MANUFACTURED ARTICLES	290,018	111,259	69,112	0.2%	-37.9%
HEADGEAR AND PARTS THEREOF	47,230	56,800	40,703	0.1%	-28.3%
INDUSTRIAL MACHINERY, INCLUDING COMPUTERS	19,224	14,816	36,313	0.1%	145.1%
LEATHER ART; SADDLERY ETC; HANDBAGS ETC; GUT ART	35,114	43,261	28,434	0.1%	-34.3%
PRODUCTS OF ANIMAL ORIGIN, NESOI	0	21,378	28,254	0.1%	32.2%
ELECTRIC MACHINERY ETC; SOUND EQUIP; TV EQUIP; PTS	27,208	21,702	22,647	0.1%	4.4%
PLASTICS AND ARTICLES THEREOF	6,186	7,981	18,419	0.0%	130.8%
WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL	7,352	12,015	14,047	0.0%	16.9%
PREP VEGETABLES, FRUIT, NUTS OR OTHER PLANT PARTS	2,386	0	12,253	0.0%	--
TOYS, GAMES & SPORT EQUIPMENT; PARTS & ACCESSORIE	10,491	10,464	10,713	0.0%	2.4%
LAC; GUMS, RESINS & OTHER VEGETABLE SAP & EXTRACT	6,920	3,670	10,105	0.0%	175.3%
MUSICAL INSTRUMENTS; PARTS AND ACCESSORIES THERE	0	20	8,973	0.0%	44765.0%
PRINTED BOOKS, NEWSPAPERS ETC; MANUSCRIPTS ETC	23,421	44,445	8,474	0.0%	-80.9%
TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	6,093	10,751	6,554	0.0%	-39.0%
WADDING, FELT ETC; SP YARN; TWINE, ROPES ETC.	1,098	6,131	4,918	0.0%	-19.8%
PAPER & PAPERBOARD & ARTICLES (INC PAPER PULP ARTL)	2,842	6,517	4,650	0.0%	-28.6%
Subtotal Top 25	41,134,639	40,409,855	42,888,270	99.9%	6.1%
All Other	82,667	115,481	44,496	0.1%	-61.5%
Total Exports	41,217,306	40,525,336	42,932,766	100.0%	5.9%

Source: US Foreign Trade Databank; Misertrade

**U.S.-Ecuador Nonstop All Cargo Aircraft Frequencies
as Published in the OAG**

Sample Months, 1999 - 2002

Direction	Carrier	A/C Type	Weekly Nonstop Frequencies						
			Feb-99	Aug-99	Feb-00	Aug-00	Feb-01	Aug 01	Jun 02
<u>Southbound</u>									
	Challenge	75F	5	5	-	-	-	-	-
	Challenge	D1F	-	-	7	7	7	7	-
	UPS	75F	-	-	-	-	-	4	9
	Fine Air	D8F	2	2	2	2	2	2	2
	Arrow Air	D8F	3	3	3	3	3	3	3
	Gemini	M1F	-	-	-	-	-	-	2
	Total U.S. Flag		10	10	12	12	12	16	16
	Andes Airlines	D8F	3	3	-	-	-	-	-
	Total All Carriers		13	13	12	12	12	16	16
<u>Northbound</u>									
	Challenge	75F	1	1	-	-	-	-	-
	Challenge	D1F	4	4	10	10	10	10	-
	UPS	75F	-	-	-	-	-	4	12
	Fine Air	D8F	2	2	2	2	2	2	2
	Arrow Air	D8F	3	3	3	3	3	3	3
	Gemini	M1F	-	-	-	-	-	-	2
	Total U.S. Flag		10	10	15	15	15	19	19
	Andes Airlines	D8F	3	3	-	-	-	-	-
	Total All Carriers		13	13	15	15	15	19	19

Note: Includes nonstop services in the U.S.-Quito and Guayaquil. All flights operate to and from Miami, except UPS' 4 weekly frequencies northbound in 2001 that operated to St. Petersburg (PIE).
Source: OAG, for months shown.

**ATLAS AIR' S NEW SERVICE WILL GREATLY EXPAND
U.S.-ECUADOR SCHEDULED ALL-CARGO CAPACITY**

June 2002, Southbound

Carrier	Aircraft	Weekly Flights¹	Approx. Aircraft Capacity (lbs.)²	Approx. Weekly Capacity (lbs.)
UPS	757	9	75,000	675,000
Fine Air	DC8	2	100,000	200,000
Arrow Air	DC8	3	100,000	300,000
Gemini	MD11	2	204,000	408,000
Total U.S. Flag		16		1,583,000
Atlas Air	747-200	6	246,000	1,476,000

Atlas Air as % of existing weekly southbound capacity: 93%

June 2002, Northbound

Carrier	Aircraft	Weekly Flights¹	Approx. Aircraft Capacity (lbs.)²	Approx. Weekly Capacity (lbs.)
UPS	757	12	75,000	900,000
Fine Air	DC8	2	100,000	200,000
Arrow Air	DC8	3	100,000	300,000
Gemini	MD11	2	204,000	408,000
Total U.S. Flag		19		1,808,000
Atlas Air	747-200	6	246,000	1,476,000

Atlas Air as % of existing weekly northbound capacity: 82%

¹ Per OAG, as shown in Exhibit 5

² Per Atlas and Gemini company websites and technical materials for UPS, Fine and Arrow